

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 AID-05 CEA-01 CIAE-00
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00
OMB-01 /084 R

DRAFTED BY COM/BIER/OIFI/TI:LEDWYER/HDGRAYSON
APPROVED BY EUR/RPE:PLLAASE
COM/BIEPR/OIFI:VDTRAVAGLINI
EUR/RPE:RSGELBARD
COM/BIEPR/OIFI/TI:EHANTOUN
EB/IFD/OMA:CERVIN(INFO)

----- 119173 /60

P 132350Z DEC 76
FM SECSTATE WASHDC
TO USMISSION OECD PARIS PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, OECD, FR

SUBJECT: OECD INSURANCE COMMITTEE, 21ST SESSION 16-17
DECEMBER 1976

1. AS THE ONLY REGULAR FORUM FOR AN EXCHANGE OF INFORMATION BETWEEN EC AND OTHER MEMBERS, THE INSURANCE COMMITTEE PROVIDES A VALUABLE OPPORTUNITY FOR THE U.S. TO COUNTER-INFLUENCE UNFAVORABLE LEGISLATIVE AND REGULATORY DEVELOPMENTS IN ITS MAJOR INTERNATIONAL INSURANCE MARKETS. U.S. REPRESENTATIVE SHOULD THEREFORE WORK TO ENSURE, PRIOR TO ADOPTION OF ANY RECOMMENDATIONS, THAT THE COMMITTEE HAS ASSURANCE OF THE REQUIRED UNANIMOUS ACCEPTANCE BY THE COUNCIL OF MINISTERS. REJECTIONS BY THE COUNCIL, SUCH AS THOSE PRECIPITATED BY EC MEMBERS IN PAST, COULD WELL PROMPT EXECUTIVE SECRETARIAT RECOMMENDATION FOR DISCONTINUATION OF COMMITTEE'S EXISTENCE. MORE EFFECTUAL LEADERSHIP THAN THAT PROVIDED BY BASYN WOULD ALSO BE DESIRABLE; THEREFORE, THE U.S. DEL HAS THE DISCRETION TO WORK TOWARD A CHANGE OF

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CHAIRMAN, IF THIS COURSE APPEARS FEASIBLE.

POSITION GUIDANCE BY AGENDA ITEM FOLLOWS:

1. ADOPTION OF AGENDA: U.S. DEL MAY APPROVE AND AS APPROPRIATE EXPRESS APPRECIATION TO CHAIRMAN FOR INCLUSION OF "TOUR DE HORIZON" AT END OF PROGRAM.

2. COMMENT: RELATING TO THE AIDE MEMOIRE OF THE 20TH MEETING OF THE INSURANCE COMMITTEE (AS (76)2): U.S. REP MAY SUBMIT TO THE COMMITTEE FOR CIRCULATION AMONG MEMBERS THE TECNICAL PAPER PREPARED BY DWYER AND SHELPS DESCRIBING THE U.S. SYSTEM FOR CALCULATING SOLVENCY MARGIN AND RESERVED IN LIFE INSURANCE, PROPOSED CHANGES IN THESE METHODS, U.S. TREATMENT OF FOREIGN LIFE INSURANCE COMPANIES DOING BUSINESS HERE, AND U.S. REGULATIONS I;ON SPECIALIZATION.

3. THE U.S. MAY APPROVE IN PRINCIPLE THE REPORT OF THE WORKING PARTY ON COOPERATION BETWEEN THE AUTHORITIES OF MEMBER COUNTRIES RESPONSIBLE FOR SUPERVISION OF PRIVATE INSURANCE (DAF/AS/76.1), WHILE NOTING THAT THE U.S. CANNOT AT THE PRESENT TIME GO ALONG WITH ANY COMPLEX, INSTITUTIONALIZED SYSTEM. DUE TO THE LEGAL RESERVATION TO THE STATES OF INSURANCE REGULATION, THE UNITED STATES HAS OBTAINED A COMPLETE EXEMPTION FROM THE INSURANCE PROVISIONS OF THE CODE OF LIBERALIZATION OF INVISIBLE TRANSACTIONS (CODE, ANNEX C). WHILE THE U.S. WOULD NOT OBJECT TO OTHER MEMBERS UNDERTAKING BILATERAL TREATIES OF THE KIND DESCRIBED IN THE DOCUMENT FOR THE EXCHANGE OF SPECIFIC INFORMATION WITH ADEQUATE SAFEGUARD FOR PROFESSIONAL SECRECY, AND THE RETENTION OF INFORMATION UNDER NATIONAL LAW, IT CANNOT AT PRESENT ENTER INTO SUCH A TREATY. WITH RESPECT TO THE OTHER RECOMMENDATION, THAT THE SUPERVISORY AUTHORITIES OF THE MEMBER STATES ENGAGE IN A REGULAR EXCHANGE OF INFORMATION, THE U.S. CANNOT COMMIT ITS UNLIMITED OFFICIAL USE

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ANCE REGULATORS TO SUCH A COURSE, BUT THE U.S. REP MAY OFFER TO PROVIDE SUMMARIES OF MAJOR DEVELOPMENTS IN THE UNITED STATES TO THE OTHER MEMBERS, AND IN TURN TRANSMIT TO OUR INSURANCE REGULATORS WHATEVER THE OTHER MEMBER STATES MIGHT SEND TO US.

4. COMMON DETERMINATION OF CLASSES OF INSURANCE

WHICH MAY NOT BE UNDERTAKEN TOGETHER BY THE SAME CONCERN (SPECIALIZATION). REFERENCE DOCUMENT DAF/AS/76.4 NOT RECEIVED. AS APPROPRIATE U.S. REP MAY REFER TO COMMENTS ON SPECIALIZATION CONTAINED IN TECHNICAL DOCUMENT TRANSMITTED UNDER ITEM 2. ON THIS BASIS, IT WOULD APPEAR THAT THE U.S. COULD SUPPORT SOME LIBERALIZATION OF THE PRINCIPLE OF SPECIALIZATION. UP TO, BUT NOT BEYOND THE LIFE/NON-LIFE DISTINCTION COMMONLY FOUND IN U.S. LAW.

5. FREEDOM TO PROVIDE NON-LIFE INSURANCE SERVICES. ACTION ANTICIPATED TO FOLLOW PRESENTATION OF EC ORAL REPORT.

6. REQUEST BY BIPAR TO SEND AN OBSERVER TO THE MEETINGS OF THE INSURANCE COMMITTEE (DAF/AS/74.12, 1ST REV.) U.S. HAS NO OBJECTION TO THE SECRETARIAT'S PROPOSAL TO INVITE AN OBSERVER FROM BIPAR TO ATTEND MEETINGS OF INTEREST TO THIS INTERNATIONAL ASSOCIATION OF INSURANCE BROKERS AND AGENTS.

7. TOUR DE HORIZON. IN THE PAST YEAR THERE HAVE BEEN A NUMBER OF LEGISLATIVE PROPOSALS AND OTHER DEVELOPMENTS WHICH COULD AFFECT THE INSURANCE INDUSTRY, NAMELY THE DEVELOPMENT OF AN INTER-AGENCY TASK FORCE TO STUDY THE PROBLEM OF PRODUCTS LIABILITY, PROPOSED LEGISLATION TO PERMIT OPTIONAL FEDERAL CHARTER (AND REGULATION) FOR INSURANCE COMPANIES, PROPOSED LEGISLATION TO ESTABLISH MINIMUM STATE STANDARDS FOR NO-FAULT AUTOMOBILE LIABILITY INSURANCE, PROPOSED LEGISLATION TO LIMITED OFFICIAL USE

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ESTABLISH MINIMUM STANDARDS FOR WORKMEN'S COMPENSATION, AND PROPOSED LEGISLATION TO ESTABLISH A NATIONAL HEALTH INSURANCE PROGRAM.

8. THE PRODUCTS LIABILITY STUDY, COVERING INDUSTRY, INSURANCE, AND LEGISLATIVE ASPECTS OF A MANUFACTURER'S LIABILITY FOR DEFECT IN OR INJURY ATTRIBUTABLE TO HIS PRODUCT IS DUE FOR COMPLETION IN JANUARY. AFTER RELEASE, THE U.S. REP CAN SUPPLY PERTINENT INFORMATION TO THE COMMITTEE, AND IF DESIRED, PROVIDE A REPORT FOR NEXT YEAR'S AGENDA.

9. NEW LEGISLATIVE PROPOSALS ON WORKMEN'S COMPENSATION

FEDERAL NO-FAULT, AND HEALTH INSURANCE ARE LIKELY
TO BE INTRODUCED IN THE 95TH CONGRESS. THE
PROPOSAL FOR OPTIONAL FEDERAL CHARTER OF INSUR-
ANCE COMPANIES IS ALSO LIKELY TO BE REINTRODUCED.
THE BROOKE BILL, S-3884 INTRODUCED IN THE 94TH
CONGRESS WOULD HAVE MADE SUCH CHARTER MANDATORY
IN THE CASE OF FOREIGN INSURERS, VALUED AT \$50
MILLION OR MORE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE302570
Document Source: CORE
Document Unique ID: 00
Drafter: LEDWYER/HDGRAYSON
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760459-0912
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761247/aaaabokn.tel
Line Count: 177
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by BoyleJA>; APPROVED <12 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OECD INSURANCE COMMITTEE, 21ST SESSION 16-17 DECEMBER 1976
TAGS: ETRD, FR, OECD
To: OECD PARIS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006